

LISTING APPLICATION TO
NEW YORK STOCK EXCHANGE, INC.

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November 15, 1978

THE SOUTHLAND CORPORATION

631,179 ADDITIONAL SHARES OF COMMON STOCK

ISSUABLE PURSUANT TO A 3% STOCK DIVIDEND AND ADJUSTMENT OF RESERVES

Number of Shares of Common Stock Issued and Outstanding as of October 31, 1978:
19,616,370

Number of Shareholders of Record on October 31, 1978:
8,604

DESCRIPTION OF TRANSACTION

3% Stock Dividend

The Board of Directors of The Southland Corporation (the "Company") declared a 3% Common Stock dividend on September 27, 1978 payable on November 30, 1978 to holders of record of the Company's Common Stock at the close of business on November 8, 1978.

The stock dividend was declared in order to conserve the Company's income to be invested in the business. The Company has paid Common Stock dividends in each year (except 1964) since 1958, including a 4.2-for-1 stock split in 1963 and 3-for-2 stock splits in 1968 and 1971 effected in the form of stock dividends.

Based on the number of shares outstanding September 30, 1978, the Company will issue in payment of the stock dividend not more than 588,491 additional shares of Common Stock. The actual number of shares issued will be less as certificates representing fractional share interests will not be issued. In lieu thereof, on November 30, 1978 the Company will pay cash through the First National Bank in Dallas, Texas, an amount equal to the value of such fractional share interests based upon the closing price of the Common Stock on the New York Stock Exchange on September 26, 1978, which was \$30.25 per share.

As a result of the stock dividend: the aggregate value of the shares of Common Stock issued in payment of the stock dividend, computed on the basis of the closing price of the Common Stock on the New York Stock Exchange on September 26, 1978, will be debited to retained earnings, a maximum of \$7,801,853 based on 588,491 shares; cash paid in lieu of fractional shares will be credited to cash; the aggregate par value of such shares will be credited to the Common Stock capital account; the excess of the aggregate value over the aggregate par value of such shares will be credited to the paid-in surplus account; and the cash paid in lieu of the issuance of fractional shares will be debited to the dividends paid account.

During the twelve-month period ended December 31, 1978, the Company and its subsidiaries had consolidated net income of \$47,595,583, and the Company had paid or declared regular quarterly cash dividends of \$10,960,976 and had paid as a cash dividend in lieu of fractional share interests resulting from a 3% stock dividend in 1977 an additional \$105,267. As of December 31, 1977, consolidated retained earnings of the Company and its subsidiaries amounted to \$122,845,655.

By virtue of the stock dividend and applicable anti-dilution provisions, the Company has reserved:

- (i) 692 additional shares for issuance upon conversion of \$300,000 of 5¾% Convertible Subordinated Notes Due 1987;
- (ii) 24,831 additional shares for issuance upon conversion of \$30,000,000 of 5% Convertible Subordinated Debentures Due 1987;
- (iii) 23 additional shares for issuance upon exchange of the remaining shares of American Service Company;
- (iv) 1,692 additional shares for issuance upon the granting of shares under The Southland Corporation Key Employees' Incentive Plan; and
- (v) 15,450 additional shares for issuance upon exercise of options granted under The Southland Corporation Non-Qualified Stock Option Plan.

As a result of the stock dividend the conversion rates of the 5¾% Convertible Subordinated Notes Due 1987 have been adjusted from 76.89 shares of Common Stock per \$1000 principal amount to 79.20 shares of Common Stock per \$1000 principal amount. The conversion rate of the 5% Convertible Subordinated Debentures Due 1987 has been adjusted from 27.59 shares of Common Stock per \$1000 principal amount to 28.42 shares of Common Stock per \$1000 principal amount.

RECENT DEVELOPMENTS

Since the latest Annual Report of the Company, there have been no important developments affecting the Company or its business which have not received publicity.

AUTHORITY FOR ISSUANCE

The 3% Common Stock dividend was declared and the additional shares of Common Stock were reserved for issuance by the Board of Directors of the Company at a meeting held on September 27, 1978. No further authority is required.

OPINION OF COUNSEL

Clark J. Matthews II, a Vice President and the General Counsel of the Company, has filed an opinion with the New York Stock Exchange in support of this application, to the general effect that:

(1) The shares covered by the application have been duly authorized and, when issued in payment of the 3% Common Stock dividend, or in accordance with the terms of the governing instruments and circumstances contemplated upon the granting of shares or exercise of options granted to employees, upon conversion of the Company's 5¾% Convertible Subordinated Notes Due 1987 and 5% Convertible Subordinated Debentures Due 1987, or in exchange for the remaining shares of American Service Company, will be validly issued, fully paid and non-assessable;

(2) No personal liability will attach to holders of such shares by reason of ownership of such shares under the laws of the State of Texas which is the Company's state of incorporation and the state in which the Company's principal place of business is located;

(3) Registration under the Securities Act of 1933, as amended (the "Act"), is not required in the case of the shares of Common Stock to be issued in payment of the 3%

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Common Stock dividend, because such issuance will not involve a sale or other disposition for value within the meaning of Section 2(3) of the Act;

(4) The additional shares of Common Stock reserved as a result of the 3% Common Stock dividend for issuance upon exercise of stock options granted to employees have been registered under the Act;

(5) The additional shares of Common Stock reserved as a result of the 3% Common Stock dividend for issuance upon conversion of the Company's 5¾% Convertible Subordinated Notes Due 1987 and for exchange for the remaining shares of American Service Company, will be exempt pursuant to Section 4(2) of the Act;

(6) The additional shares of Common Stock reserved as a result of the 3% Common Stock dividend for issuance upon conversion of the Company's 5% Convertible Subordinated Debentures Due 1987 have been registered under the Act; and

(7) The additional shares of Common Stock reserved as a result of the 3% Common Stock dividend for issuance upon the granting of shares pursuant to the Southland Corporation Key Employees Incentive Plan have been registered under the Act.

THE SOUTHLAND CORPORATION

By: CLARK J. MATTHEWS II
Vice President

The New York Stock Exchange, Inc. hereby authorizes the listing, upon official notice of issuance, of:

588,491 additional shares of Common Stock, \$.01 par value, of The Southland Corporation in payment of a 3% Common Stock dividend;

692 additional shares of Common Stock upon conversion of 5¾% Convertible Subordinated Notes Due 1987;

24,831 additional shares of Common Stock upon conversion of 5% Convertible Subordinated Debentures Due 1987;

23 additional shares of Common Stock upon exchange of the remaining shares of American Service Company;

1,692 additional shares of Common Stock upon the granting of shares under The Southland Corporation Key Employees Incentive Plan; and

15,450 additional shares of Common Stock upon the granting of shares under The Southland Corporation Non-Qualified Stock Option Plan,

making a total of 21,838,120 shares of Common Stock, authorized to be listed.

RICHARD A. GRASSO, *Vice President*
CORPORATE SERVICES DEPARTMENT

WILLIAM M. BATTEN, *Chairman of the Board*
NEW YORK STOCK EXCHANGE, INC.

